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# foreign agriculture circular

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livestock  
and meat

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FOURTH QUARTERLY OUTLOOK FOR WORLD  
MEAT PRODUCTION AND TRADE IN 1981

FLM 6-81  
October 1981

## WORLD POULTRY SUPPLIES GAIN, BEEF HOLDS, AND PORK TIGHTENS

World beef and veal production in 1981 is virtually unchanged from that of 1980. Declines in the European Community (EC), Australia, and Poland are being offset by gains in the United States, Brazil, and several other countries.

Overall imports of beef and veal for the 50 countries covered by this circular increased 3 percent in 1981 from the 1980 level. However, the four major beef and veal importing areas--the United States, Canada, the EC, and Japan--are indicating a combined decrease in net beef and veal imports of 14 percent because of a decline in U.S. imports and a slight increase in EC exports.

The United States, the world's largest importer of beef and veal, is witnessing a decrease in 1981 beef imports of around 10 percent. Imports under the Meat Import Law (largely fresh, chilled, and frozen beef) are estimated to be 1.235 billion pounds in 1981, down 14 percent from the 1.431 billion pounds imported last year. This drop in imports results mostly from unattractive U.S. beef prices caused, in part, by the abundant supply of competitive meats, and from the reduced availability of beef from Australia, the United States' largest supplier.

Total meat production in the four major beef and veal importing countries/areas is relatively unchanged in 1981 but total net meat imports will decline by 9 percent in 1981. Poultry and beef are the only sectors in which production is increasing. Poultry exports by the United States and the EC are up and net beef imports in these same countries are down. The EC

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Yearly increases or decreases mentioned in the narrative of this circular are computed over the previous year unless otherwise indicated.

Red meat production and trade in terms of carcass weight (bone-in) equivalent, and those for poultry are on a product weight basis unless otherwise indicated.



continues to expand poultry and beef exports to non-EC countries, by utilizing substantial subsidies. Pork production in these countries is forecast to decline 2 percent in 1981, causing total meat production to be about unchanged from the 1980 level. Net meat imports for these countries would have dropped even more except for the strong pork imports by Japan.

The Soviet Union's 1981 meat imports are more than 20 percent over the high 1980 level. Soviet imports of mutton are expected to be the only meat import lower than in 1980, primarily because of reduced availability from Australia.

Normally a sizable net importer of beef and veal, Spain has become a net exporter of approximately 20,000 tons because of declining domestic consumption. The drop in consumption may be only temporary and should not lead to a long-term shift in Spain's net trade.

Total U.S. meat production is forecast to advance only slightly in 1981 as rising poultry, beef, and lamb production are nearly countered by the drop in pork production. Net meat imports will decline about 35 percent this year as beef imports fall and poultry exports rise. Pork exports are expected to be up about 35 percent, with shipments to Japan (traditionally the largest U.S. pork buyer), Canada, and others expanding.

The larger-than-expected increase in production of meat and a sluggish economy in the United States caused prices to be lower than forecast and, with high production costs, resulted in many producers' losing money. Continued relatively large poultry and pork exports provided some market support.

Beef exports from the United States are largely high-quality, fed beef. While these exports comprise only a small segment of the world beef trade and of U.S. production, high-quality beef exports have a positive effect on U.S. beef prices. Although beef exports from the United States grew only moderately in 1981, an increase in high-quality beef shipments to Japan and the EC has occurred partially because of concessions under the Multilateral Trade Negotiations (MTN's) expanding the high-quality beef entry into these markets.

Poultry exports from the United States are expanding around 20 percent in 1981 in response to increased foreign demand, although the strengthening value of the U.S. dollar appears to be inhibiting this growth somewhat. The 1981 growth is distributed among traditional markets such as Japan, Hong Kong, and the Caribbean and newer markets, such as those in the Middle East. Exports to Egypt and Iraq are showing exceptionally large increases.

Beef and veal exports by the major exporting countries are declining about 4 percent in 1981. The largest decline is occurring in Australia, a drop of 135,000 tons (16 percent) as a result of dry conditions, reduced cattle numbers, and weak international prices. While Mexico is increasing beef and veal production 4 percent, its exports to the United States are small and it is currently importing beef carcasses from the United States. The Central American countries are showing virtually no change in production and exports of beef and veal in 1981. Civil unrest in some of these countries, low world prices, and high interest rates are seen as disincentives for exports. Argentina is seeing a slight increase in beef and veal production and exports.

## MAJOR IMPORTERS

### United States

Total red meat and poultry production in the United States will rise about one percent in 1981 as beef, poultry, and lamb increase 3, 5, and 3 percent, respectively, more than offsetting a 6 percent decline in pork production. Large meat supplies and a sluggish economy have restrained meat prices in 1981. The United States position as a net importer of red meat and poultry is shrinking, with exports this year increasing 30 percent and imports falling 9 percent. U.S. imports of meat subject to the Meat Import Law totaled 850 million pounds midway through September, and for all of 1981 they are expected to be 1.235 billion pounds, well under the trigger level of 1.447 billion pounds.

Favorable pasture conditions and relatively high production costs caused on the number of cattle on feed in the 7 major feeding states on September 1 to be the lowest since 1975. This indicates tighter fed beef supplies into early 1982. Beef and veal imports will decline around 10 percent this year because of softer demand for manufacturing type beef and a 30 percent decline in shipments from drought stricken Australia. U.S. beef exports should rise 15 percent in 1981 on the strength of increased shipments to Japan and various other countries.

The recent increases in hog prices and declines in feed prices are encouraging swine producers to raise their farrowing intentions at least through February 1982, as swine producers see that they may begin to recover some of the financial losses suffered during 1980 and early 1981. Pork will likely continue to benefit from a strong export market for the rest of 1981. A 37 percent rise in 1981 shipments, due primarily to higher exports to Japan and Canada, is reducing the U.S. net import position in pork. A higher rate of pigs saved per litter in the mild weather of this past summer will hold pork production higher than earlier expected for the fourth quarter of 1981. Pork output is now seen dropping 6 percent in 1981.

U.S. broiler and turkey production during the rest of 1981 should surpass last year's heat-depressed levels. Broiler and turkey production increases of 6 and 4 percent, respectively, should boost overall 1981 poultry output by about 5 percent. Higher stocks of turkeys in cold storage are putting pressure on turkey prices during late 1981. U.S. poultry exports continue to expand in the Middle East and the Far East. In the Middle East, where whole chickens are preferred, U.S. shipments to Egypt and Iraq increased 120 and 143 percent, respectively, in the first 8 months of 1981 over the same period last year. In the Far East, where chicken parts constitute most imports, U.S. shipments to Singapore and Japan grew 50 and 73 percent, respectively, in the January-August period. However, subsidized exports from the EC and Brazil, and the relatively strong position of the dollar on world market are inhibiting the growth of U.S. exports to many markets. Total poultry exports are expected to rise around 20 percent in 1981.



## European Community

Beef and veal production for 1981 is presently forecast to remain almost exactly the same as for 1980 at just under 6,850,000 MT. While beef production is expected to increase slightly during 1981 in France, (the EC's largest beef and veal producer veal production) will be down because of a hormone scare. The expected increase of only about 1 percent in beef production in 1981 will be the result of substantial increases in the first half of the year tempered by reduced cow cullings, and reduced slaughter of oxen in the latter half. In West Germany, beef and veal production should decrease slightly to just over 1.5 million MT (240,000 MT below total French production) in 1981. In Italy, greater supplies of both domestic and imported cattle have led to increased 1981 production, at about 1.2 million MT. Irish slaughter and resultant production is down sharply in 1981 (particularly the first half). This should effect its exports significantly, while domestic consumption remains basically unchanged.

The EC, led by France, should become more firmly established as the world's number two beef exporter (behind Australia). French exports to third countries are expected to total 170,000 MT in 1981, 15 percent over 1980. The next year may show an export decline, depending on the quantity of frozen beef in EC intervention stocks. The Soviet Union and the Middle East (in particular Egypt) should remain strong export markets for French beef exports. German beef exports to third countries will be down slightly to 155,000 MT, in 1981 while attractive EC export subsidies for third-country markets will help raise Dutch shipments to 80,000 MT in 1981 from about 30,000 MT a year earlier. Dutch imports of U.S. variety meats were 19 percent below 1980 levels for the period January-May 1981, but this rate of decline was an improvement in the situation compared with the first few months of the year. There is no question that the continued strength of the dollar is a major factor behind the lower totals.

Denmark and Ireland should again fill the 5,000 MT quota under the MTN agreement for export to the U.S.--Denmark obtained more than half the quota for 1981, after shipping none during the first year (1980). The Irish are expected to attempt to acquire a larger share for 1982. The current subsidy rate for EC beef exported to the U.S. is 50 cents per pound.

For the first nine months of 1981, EC Member States issued import licenses for 1,210 MT under the Community tariff quota of 10,000 MT of high-quality beef. This compares with 742.5 MT during the same period in 1980. Applications for the fourth quarter allocation are currently being lodged by EC importers.

Low producer prices and rising costs, particularly for feed and energy, have hurt the pork sector in both the Netherlands and Italy. High interest rates and static consumption are also problems in the Netherlands, whereas in Italy per capita consumption of pork has risen 35 percent since 1975. The Dutch are banking on long-term consumption increases as beef and veal become increasingly expensive relative to pork. In Denmark, 1981 production should total just under one million tons for the pigmeat sector, from a record pig slaughter of 15 million head. Total EC pork production should rise just under one percent to 9.45 million MT in 1981.

In the poultrymeat sector, EC production for 1981 should rise 4.5 percent to about 4.2 million MT. The most dramatic increase should come in France, where output will rise around 11 percent to 1.25 million MT, after an 8 percent increase in 1980. In particular, output of broilers should be up 15 percent and of turkeys, 10 percent with other poultry meat stable. Domestic consumption of both broiler and turkey meat will rise significantly during 1981, about 4 and 8 percent, respectively. In Germany, where U.S. turkey part shipments have declined during 1981 and should total about 9,000 MT (down from 12,300 MT in 1980 because of the exchange rate factor), domestic producers faced prices too low to cover production cost increases, causing output for turkey to stagnate in 1981. The Dutch broiler industry, subject to overproduction and low prices in recent years, will nonetheless show an approximate 10 percent increase in output in 1981 while turkey meat production will be down about 24 percent to 13,000 MT.

Export markets for EC poultry-producing countries are essential to cope with the overproduction problem. France should increase broiler exports to about 300,000 MT, a 36 percent climb over the 1980 figures. Third-country markets should take 278,000 MT of the French broilers. The most significant markets are likely to be the USSR (which may account for 50-80,000 MT in 1981), Iran (10,000 MT during the first five months of 1981), and other Middle East countries (up to 150,000 MT in 1981). The Netherlands will also continue to focus on third-country markets, the USSR, Iran, Saudi Arabia, North Yemen and Nigeria in particular.

At the end of August, the United Kingdom suspended imports on poultrymeat from countries vaccinating against all strains of Newcastle Disease. The exact effect of this action on French turkey and Dutch broiler exports slated to go to the UK is unclear at present, though displacement of other suppliers, among them the U.S., in other markets is likely.

#### Canada

By the end of this calendar year, Canada's cattle inventory is expected to show growth of less than 1 percent over that of 1980. Cattlemen in Canada have taken a cautious attitude on herd expansion as a result of rapidly escalating interest rates and rising input costs. Consumer demand for beef and veal increased during 1981.

In 1980, Bill C-46, an act to regulate the importation of fresh, chilled and frozen beef and veal into Canada was introduced in Parliament. The bill received a second reading in the spring of 1981 and was referred to the House of Commons Agriculture Committee for public hearings and review. Three readings in Parliament are required before final voting on legislation. The hearings on the bill were not concluded before Parliament adjourned on July 17, 1981. Hearings were scheduled to resume following Parliament's return October 14, 1981. Most Canadian cattle and meat associations are supportive of the bill and the proposed counter-cyclical formula designed to parallel the U.S. Meat Import Act. It is generally accepted among Canadian observers that the proposed formula and guaranteed minimum access to the Canadian market are reasonable. Some producer segments of the industry, however, have expressed serious doubts about the effectiveness of the proposed legislation. Recommendations for revisions by the Agricultural Committee are possible before the proposal is returned to Parliament.



Over the last eighteen months Canadian hog producers have weathered the expected downturn of the hog cycle without a significant cutback in output. Also a favorable U.S.-Canadian dollar exchange rate has helped alleviate a need for a production cutback by spurring exports to the United States. Nevertheless, Canadian swine inventory have declined slightly in 1980 and 1981, and this may continue as increased beef and poultry supplies cut into pork consumption.

High carryover stocks from 1980 when poultry meats received strong competition from low priced pork at the retail level led to production quota cutback decisions for 1981 by the Canadian Chicken Marketing Agency (CCMA) and the Canadian Turkey Marketing Agency (CTMA). Demand for poultry meat is expected to increase late in 1981 as consumers turn away from higher priced pork. If Canadian production of chicken and turkey under their regulated market system is unable to respond to an increase in demand, the probability of supplementary imports will be heightened. The global import quotas (the U.S. has been the sole supplier) are as follows: chicken, 1981 - 23,587 M.T., 1982 - 6.3 percent of the 1981 production level (approximately 25 thousand M.T.); turkey, 1981 - 1,822 M.T., 1982 - 2 percent of the national production target set by the CTMA.

### Japan

A four percent decline in pork production, along with the failure of poultry production to expand as earlier anticipated (at least partly because of weather conditions) will bring 1981 total meat production in Japan down one percent from 1980. However, beef output is showing its second consecutive year of significant increase as dairy beef production continues to grow.

As feed costs and other production expenses have grown, Japanese livestock and poultry producers are tending to limit production increases in order to keep prices up and maintain profitability. An increase of 23 percent in the amount of meat and poultry imported into Japan during 1981 is filling this gap between consumption and production.

Imports of all meat and poultry products during the rest of 1981 may be affected as a result of the antibiotic and antibacterial residue (ABR) testing that Japan's Ministry of Health and Welfare intends to conduct on imported meats and poultry beginning in October 1981. The program is presently planned to be a three month survey of ABR incidence, but frequent or large positive responses could cause the testing to be extended. Japan has a zero tolerance for ABR in these products under a 1959 food sanitation law.

A 24 percent rise in dairy beef production in the first seven months of 1981 has raised Japan's overall beef output 15 percent over output the same period of 1980. Production of Wagyu beef from fed beef cattle declined 4 percent in January-July 1981 from last year's level. Beef production for all of 1981 should increase 5 percent to 440,000 MT as this fall's output begins to be more in line with the increases of a year ago. Higher beef production this year has resulted in lower imports for the first half of the 1981 fiscal year and through recent months (the July-August period saw a 26 percent decrease from the same period last year). Total 1981 imports are expected to only match those of 1980. However, three consecutive months of higher household beef consumption indicate that demand is strengthening.



Japanese swine producers are also limiting farrowing increases in order to maintain earnings. While pork production fell 9 percent in January-July 1981 over the same period last year, the smaller decline of 3 percent for June-July indicates that total 1981 output may fall only 4 percent to 1,420,000 MT. A combination of higher pork stocks, bought in anticipation of price rises, and smaller production declines will moderate the 97 percent increase in imports experienced during the first eight months of 1981 to a 60 percent annual increase.

Higher pork prices have led manufacturers to revert back to greater use of sheepmeat in processed meats and this should pull imports of mutton and lamb up 8 percent in 1981.

Lighter slaughter weights brought on by cold winter weather and hot summer weather has held Japanese poultry production below the small increase agreed upon by producers for 1981. As a result, Japan's poultry production may only match last year's level of 1,145,000 MT. Japan's poultry imports in January-August 1981 rose 51 percent over the same 1980 period in the wake of dwindling production and higher domestic prices. The United States' 62 percent share of these imports consisted mainly of bone-in chicken legs, which have benefited from an MTN tariff reduction recently put into effect.

#### U.S.S.R.

Despite the virtual certainty of the third consecutive poor Soviet grain crop, the U.S.S.R. as of early September had shown no indication of any plans to diverge substantially from normal seasonal changes in livestock numbers. Inventories of cattle, hogs, and poultry on state and collective farms on September 1 were higher than year-earlier levels. Total live weight meat production on these farms for the first 8 months of 1981 was 2 percent above production in the same period of 1980. Pork and poultry production figures were up 3 and 9 percent, respectively, while output of beef approximated the 1980 level. The average live weight of cattle at slaughter for the January-August period of 1981 was one percent below the 1980 figure, but that for hogs was one percent above last year's level. After earlier dry weather, rains in August and September aided forage crop production and improved Soviet prospects for maintaining livestock numbers through the winter.

The Soviets now appear likely to import at least one million tons of meat during 1981, a large jump over the previous record of 820,000 tons in 1980. Increases are estimated to be coming from most of the traditional major suppliers of the USSR, including Eastern Europe, the EC, and Argentina.

#### Brazil

Beef production is expected to increase 3 percent in 1981, to 2.2 million MT. An estimated 36 percent rise in export volume (CWE) this year will absorb most of the increased production, but a weakening domestic market which could show a decline of 5 percent for the year, is likely to provoke stocks in excess of 100,000 MT by year's end.

The majority of Brazil's exports of beef are canned. Total beef exports for the first 5 months of 1981 totaled 38,000 MT (US \$120 million), 29 percent above the volume for the same period in 1980. This figure surpasses previous

estimates, but any higher annual estimates may be optimistic at this point in view of the increased competition expected from Argentine exports following several devaluations of the Argentine peso. Fresh meat export estimates for 1981 have been reduced to 35,000-40,000 MT. This drop reflects the feeling (contrary to earlier expectations) that little fresh beef will actually move to the USSR this year.

Current pork production calls for a slight decrease for the remainder of 1981. Weak domestic demand coupled with expected higher pork prices as a result of reduced herd levels and the recent increase in minimum support prices will further increase consumer resistance. Pork exports are not expected to be reinstituted this year. According to trade sources, FAO has approved the methods and systems adopted by the producer and governmental authorities for controlling Africa Swine Fever. The problem now, however, would be to convince potential buyers.

The poultry export sector is experiencing an increase of 54 percent in volume in 1981. Poultry exports for the first 5 months in 1981 totaled 98,000 MT (US \$124 million), 80 percent above year-ago levels. Traders report that sales have been particularly strong to Iraq and Egypt in recent months, but sales to Argentina are virtually nil this year.

#### MAJOR EXPORTERS

##### Australia

The drought conditions which have affected Australia's cattle and sheep industries since 1979 are still influencing the situation. While rains were widespread in May and June, they were too late to help pastures regenerate before winter. Thus while ranchers wanted to start rebuilding cattle and sheep numbers, they were constrained by the lack of grass and continued liquidation is occurring.

Cattle and calf slaughter, which dropped 10 percent in 1980 is expected to fall 12 percent in 1981. Domestic consumption of beef fell, but not to the same extent as production, with consumption declining 3 percent in 1980, and an estimated 7 percent in 1981. A mirror image of this was seen in exports, which dropped 23 percent in 1980, and an estimated 16 percent in 1981. Stocks of beef have declined each of the past three years and now are approximately half of those at the end of 1979.

The international price for beef has not been strong for several years and was weak again this year as the U.S. market, the largest in the world, did not see the price gains forecast earlier. Abundant meat supplies and stagnant economic conditions around the world limited price gains. The recent problem of substitution of horse and kangaroo meat in a small number of beef shipments to the United States may have caused some short term disruption in trade.

Sheep flocks have also fallen sharply because of the drought, but stronger world markets for lamb, mutton and wool are giving even more incentive to the rebuilding of sheep numbers while the world market is providing fewer such signals for cattle. However in the short term, small lamb crops due to



drought during the conception and lambing period and the holding of lambs to replenish flocks is causing a substantial reduction in slaughter in 1981. The continued strong export of live sheep to the Middle East is seen as increasing in 1981, but it faces opposition from both Australian meat Unions and animal welfare advocates. Export of lamb and mutton in 1981 are seen as declining only slightly as domestic consumption bears the blunt of the production decline.

The pork and poultry industries have been largely utilized to supply the domestic markets with only minor quantities exported. Good grain crops in 1978 and 1979 helped the pork industries expand, but higher grain costs resulting from the drought caused a cutback in hog numbers, and production in 1981 is returning to the more traditional level.

#### New Zealand

Inventory numbers in 1981 are rising by about 1 percent for cattle and 4 percent for sheep.

Production of beef, mutton and lamb are each rising in 1981 as drier weather and facial eczema in cattle herds and sheep flocks caused slaughter to rise. Beef and veal production is experiencing a marginal increase of 1 percent but lamb and mutton will increase 18 percent over 1980 levels. Exports and domestic consumption of beef in 1981 are lower than in 1980 as stocks had been drawn down in 1980. Most of the increase in lamb and mutton production is moving into the export market and the heavy demand is drawing down ending stocks.

Beef exports to the United States, New Zealand's principle market, are expected to rise 2 percent and comprise about 75 percent of their total shipments in 1981. Lamb movement to the United Kingdom, traditionally the largest market, is expected to be 147,000 MT, well short of their allocation of 185,000 MT. For the first time, lamb exports to the UK are expected to be less than to other markets, especially to the Middle East where shipments of approximately 148,000 MT are expected.

#### Argentina

The 1981 estimate of cattle slaughter and beef production have been revised upward as producers' financial problems have encouraged higher liquidation and less retention. As a result of this increased slaughter, beef production is projected to rise 3 percent to 2.88 million tons in 1981. While beef exports lagged during the first quarter of 1981, they should surpass previous estimates to a level of 480,000 MT by years' end as a result of: 1) the more than 75 percent devaluation of the peso since the beginning of the year, 2) a new 3-year agreement with Egypt calling for shipment of 34,000-45,000 tons annually, and, 3) a new 5-year agreement with the Soviet Union which has agreed to buy between 60,000-100,000 tons annually. For 1981, Argentine trade sources are estimating beef sales to the Soviets at the 1980 levels of 88,000 tons.

Total poultry meat output rose in 1980 to 231,000 MT following an upturn in consumer demand. Paralleling this, poultry meat imports in 1980, at 18,000 MT were at record levels because of the unrealistic purchasing power of the



Argentine peso. Imports from the United States benefited from the increase. Imports for 1981 are expected to fall back sharply as a result of the massive peso devaluation and the current slackness in consumer demand which reflects reduced real income. The soft demand is also expected to cause a drop of 3 percent in local output to 225,000 MT.

#### Uruguay

Cattle inventory numbers for 1981 are expected to show no substantial changes; however, cattle slaughter is estimated at 1.65 million head, 121,000 head above last year. Beef production forecasts are up from 1980. Wholesale prices for both average steers and all beef from January-July 1981 showed slightly weaker prices as compared with prices during the same period in 1979 and 1980. However, cattle prices are expected to increase because of the relative scarcity of steers due to higher percentages of slaughter during 1980 and early 1981. Beef consumption this year is expected to rise by 3,000 tons to 222,000 tons.

Total exports of beef and veal are expected to advance. Exports in 1981 are expected to reach 110,000 MT, substantially over the 1980 exports of 95,000 MT. This is due primarily to increased shipments to the Middle East

#### Eastern Europe

Poland continues to present the most uncertainties among the livestock sectors of the East European countries. Continuing meat shortages in Poland have resulted in meat rationing in amounts lower than originally planned. However, Polish livestock production in 1981, although remaining heavily dependent on feed imports, should be helped by grain and potato crops which are significantly better than last year, as well as favorable roughage production. One of the critical factors for the Polish meat situation will be the reaction of hog producers to a producer price increase which went into effect on October 1. The Polish poultry sector, which relies almost entirely on imported feed, is now particularly vulnerable since credit problems may make it difficult to import the required amounts of grain and soybean meal.

Poland's meat trade situation has changed drastically in 1981. Its meat imports are expected to reach 100,000 tons, double the 1980 total, while its meat exports could be about 40 percent below last year's figure. U.S. imports of canned hams and shoulders from Poland dropped sharply during the summer, and for the first eight months of 1981 were 22 percent below imports during the same period of 1980.

In Romania, very poor roughage production during the summer could make it difficult to maintain livestock numbers. The Hungarians are proceeding slowly with their Hereford expansion program, but Hungary is expected to be the largest supplier of meat to the USSR again in 1981. The German Democratic Republic is continuing to strive for only modest increases in livestock inventories, as well as seeking a reduction in imports of feed grains and protein meals through increased roughage production.

## Mexico

Beef cattle numbers are up in Mexico this year due in part to improved pasture conditions because of more favorable weather over the last 12 months. A better price situation in Mexico compared to the U.S. has benefited Mexico's cattle producers and has been partly responsible for reduced feeder cattle exports to the United States. Continuing growth in the demand for beef in Mexico has resulted in imports of live cattle and carcasses from several countries including the U.S., Costa Rica, and Guatemala.

Plans by private concerns to build and expand feedlot operations in Mexico have abated in recent months primarily because of difficulty in finding buyers in Mexico for fat cattle. Serious doubts are being expressed not only about acceptance of this type meat, but also about the profitability of such ventures.

Pork prices are moving up in Mexico and swine producers are looking for profits for the first time in over a year. Adequate feed supplies around the country are also contributing to an improvement at the producer level. Increased consumer demand, however, may exceed domestic pork supplies. Imports may be authorized by the government if prices rise sharply. This decision to import will be complicated by government interest in encouraging production at home; however, a balance may be reached allowing for some pork imports while encouraging domestic producers to continue production increases.

Broiler production has continued to show strong growth in 1981 as a result of sufficient feed supplies and higher demand for chicken meat. This segment of the industry will probably continue to expand as overall demand for meat continues to increase in Mexico.

## Central America

Guatemala's traditional trade in beef with the United States is declining somewhat in 1981. Guatemala has, however, gained ground in exports of live cattle and beef carcasses to Mexico, which, in 1981, might take as much as 45 percent of their beef exports. The financial and political instability in Guatemala has greatly restricted bank credits to the livestock industry recently. One example of this is that the importation of registered animals for improvement of its foundation herds is almost nil. To date, though, the livestock situation has not deteriorated seriously.

In Nicaragua, the government has indicated that livestock will be a favored sector in the agricultural economy. Its goal is to utilize its grain production capacity and pasture to expand its beef exports, while becoming a net exporter of pork and poultry. Efforts are underway to expand the beef herd with importation of beef bulls from neighboring countries taking place. However, the current lack of slaughter animals and the low export price of meat has hurt the Nicaraguan processing industry as both exports and domestic consumption of beef has been falling in 1981.



El Salvador's cattle industry continues to suffer problems occasioned by political turmoil and unrest in the agricultural sector. Cattle numbers have been declining since 1979, but the exact amount is uncertain. The land reform program has brought in some new management to the cattle industry, but physical security and the investment climate still remain problems. Beef exports in 1981 are expected to be less than 20 percent of the pre-1979 level.

In Honduras, the livestock sector appears to be holding its own in spite of continued high credit and political uncertainty. Slaughter in 1981 is expected to decline to about 390,000 head (down 3 percent) while the cattle inventory is expected to increase to about 2.4 million head (up 6 percent). Nevertheless, beef consumption in 1981 is expected to increase to about 22.8 million tons (CWE) with exports declining in response to the unattractive world price.

In Costa Rica, pasture conditions have been excellent from well distributed rainfall that is expected to encourage heavy slaughter in the third quarter of this year. Traditionally, steer meat exports have gone to the export market as long as there have been adequate beef supplies available for domestic consumption. Currently, beef exports are running about 60 percent over the same period for 1980. However, many small producers have reportedly been forced to shut down their operations due to fast-rising interest rates and inflation which may affect future production and or exports.

In Panama, excellent pasture conditions from good rainfall have encouraged cattle slaughter. Beef exports in 1981 have been boosted by an "open door" export policy rather than the restrictive 6 months export period previously allowed. Due to prevailing low international beef prices, lack of local credit and local processing bottlenecks, substantial portions of the potential supply of meat for export remain in place.

#### Dominican Republic

The cattle inventory in the D.R. has increased modestly in 1981 in response to good grazing conditions and a producer subsidy provided by the government. Consumption and exports have also been encouraged from this larger supply of available animals.

The swine repopulation program has now been in effect in the eastern region for almost 8 months, but is apparently moving slowly. Limited airport facilities at La Romana, the preponderance of small operations that need repopulation, and the government's commitment to favor small producer co-ops have hindered the repopulation effort. It is expected that swine imports over the next two years will be destined to serve as foundation animals for future breeding programs. During this time increased domestic poultry production and pork reports are meeting the Dominican consumption demand.

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For further information contact the U.S. Department of Agriculture, Foreign Agricultural Service, Dairy, Livestock and Poultry Division, Room 6616-South Building, Washington, DC 20250. Telephone (202) 447-8031.



TABLE 1--BEEF AND VEAL: IMPORTS BY SELECTED COUNTRIES,  
1978-81 (CARCASS WEIGHT EQUIVALENT)

Commodity and Country	1978	1979	Estimated: 1980	Forecast 1981 <u>1/</u>	Changes 1981/80
	(1,000 metric tons)				Percent
United States.....	1,053	1,103	934	848	- 9
EC <u>2/</u> .....	422	394	325	281	-14
Yugoslavia.....	51	65	55	65	18
Canada.....	102	86	80	90	13
Japan.....	143	185	177	177	0
Spain.....	73	80	17	20	18
USSR <u>3/</u> .....	56	250	385	450	17
Brazil.....	118	114	46	40	-13
Korea, Republic of..	45	60	2	20	**
Israel.....	37	71	32	39	22
Egypt.....	134	73	95	120	26
Other countries <u>4/</u> ..	270	161	210	280	29
Total base <u>3/</u> .....	2,504	2,642	2,358	2,430	3

\*\* Indicates change greater than 100 percent.

1/ USDA forecasts. 2/ Excludes intra-EC trade. 3/ USSR--Product weight basis. 4/ Combination of approximately 30 countries additional to the preceding list.

Source: Reports of U.S. Agricultural Attaches and related information.

October 1981

Commodity Programs, FAS, USDA

TABLE 2--MEAT PRODUCTION IN MAJOR TRADITIONAL IMPORTING AREAS, 1978-81  
CARCASS WEIGHT EQUIVALENT

Commodity and Country	1978	1979	Estimated 1980	Forecast 1981 1/	Changes 1981/80
	(1,000 metric tons)				Percent
Beef and Veal:					
United States	11,283	9,925	9,999	10,283	3
Canada	1,060	946	971	1,020	5
EC-10	6,511	6,881	7,117	6,844	- 4
Japan	403	402	418	440	5
Total	19,257	18,154	18,505	18,587	0
Pork:					
United States	6,075	7,008	7,537	7,079	- 6
Canada	620	750	877	860	- 2
EC-10	8,733	9,196	9,376	9,455	1
Japan	1,284	1,430	1,476	1,420	- 4
Total	16,712	18,384	19,266	18,814	- 2
Mutton and Lamb:					
United States	140	133	144	149	3
Canada	4	4	5	6	20
EC-10	656	673	737	722	- 2
Japan	2/	2/	2/	2/	0
Total	800	810	886	877	- 1
Poultry: 3/					
United States	5,847	6,483	6,586	6,931	5
Canada	484	539	530	516	- 3
EC-10	3,701	3,787	4,002	4,184	5
Japan	1,027	1,109	1,145	1,145	0
Total	11,059	11,918	12,263	12,776	4
Total meat:					
United States	23,345	23,549	24,266	24,442	1
Canada	2,168	2,239	2,383	2,402	1
EC-10	19,601	20,537	21,232	21,205	0
Japan	2,714	2,941	3,039	3,005	- 1
Total	47,828	49,266	50,920	51,054	0

1/ USDA forecast. 2/ Less than 500 tons. 3/ Product weight basis.

SOURCE: Reports of U.S. Agricultural Attaches and related information.

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TABLE 3--NET MEAT IMPORTS IN MAJOR IMPORTING AREAS, 1978-81  
(CARCASS WEIGHT EQUIVALENT)

Commodity and Country	1978	1979	Estimated: 1980	Forecast 1981 <u>1/</u>
----- (1,000 metric tons) -----				
Beef and veal:				
United States.....	981	1,025	851	753
Canada.....	57	33	15	17
EC-10 <u>2/</u> .....	229	88	-273	-293
Japan.....	143	185	177	177
Total	1,410	1,331	770	654
Pork:				
United States.....	97	94	110	65
Canada.....	- 3	- 47	-100	-102
EC-10 <u>2/</u> .....	- 91	-108	- 87	-117
Japan.....	148	188	155	250
Total	151	127	78	96
Mutton and lamb:				
United States.....	17	20	16	14
Canada.....	17	21	14	12
EC-10 <u>2/</u> .....	259	245	222	185
Japan.....	279	237	157	170
Total	572	523	409	381
Poultry: <u>3/</u>				
United States.....	-198	-238	-332	-407
Canada.....	28	27	16	21
EC-10 <u>2/</u> .....	-126	-199	-275	-369
Japan.....	62	70	70	93
Total.....	-234	-340	-521	-662
Total meat:				
United States.....	897	901	645	425
Canada.....	99	34	- 55	- 52
EC-10 <u>2/</u> .....	271	26	-413	-594
Japan.....	632	680	559	690
Total	1,899	1,641	736	469

1/ USDA forecasts. 2/ Excludes intra-EC trade. 3/ Product weight basis.

SOURCE: Reports of U.S. Agricultural Attaches and related information.

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Commodity Programs, FAS, USDA



TABLE 4--PRODUCTION AND EXPORTS OF BEEF AND VEAL BY MAJOR  
EXPORTING COUNTRIES, 1978-81 (CARCASS WEIGHT EQUIVALENT)

Item	1978	1979	Estimated 1980	Forecast 1981 <sup>1/</sup>	Changes 1981/80
	(1,000 metric tons)				Percent
Production:					
P.L. 96-177 countries: <sup>2/</sup>					
Australia .....	2,134	1,770	1,539	1,344	-13
New Zealand <sup>3/</sup> .....	562	512	496	502	1
Central America <sup>4/</sup> .....	428	439	390	387	- 1
Mexico.....	1,054	1,025	1,060	1,105	4
Subtotal.....	4,178	3,746	3,485	3,338	- 4
Other:					
Brazil.....	2,200	2,100	2,150	2,225	3
Argentina.....	3,193	3,092	2,876	2,929	2
Uruguay.....	354	266	336	347	3
Subtotal.....	5,747	5,458	5,362	5,501	3
Total.....	9,925	9,204	8,847	8,839	0
Exports:					
P.L. 96-177 countries: <sup>2/</sup>					
Australia .....	1,131	1,089	840	705	-16
New Zealand <sup>3/</sup> .....	346	343	344	330	- 4
Central America <sup>4/</sup> .....	156	168	111	115	4
Mexico.....	45	6	1	1	0
Subtotal.....	1,678	1,606	1,296	1,151	-11
Other:					
Brazil.....	130	110	169	220	30
Argentina.....	740	697	469	480	2
Uruguay.....	112	81	117	125	7
Subtotal.....	1,082	888	755	825	9
Total.....	2,760	2,494	2,051	1,976	-4

<sup>1/</sup> USDA forecasts. <sup>2/</sup> Excludes Canada and the EC. <sup>3/</sup> Year ending September.  
<sup>4/</sup> Includes Dominican Republic, but excludes Belize and Haiti.

SOURCE: Reports of U.S. Agricultural Attaches and related information.

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TABLE 5--PRODUCTION AND EXPORTS OF MUTTON AND LAMB BY MAJOR  
EXPORTING COUNTRIES, 1978-81 (CARCASS WEIGHT EQUIVALENT)

Country	1978	1979	Estimate 1980	Forecast 1981 <u>1/</u>	Changes 1981/80
	----- (1,000 metric tons) -----				Percent
Production:					
Australia.....	492	539	551	513	- 7
New Zealand <u>2/</u> .....	502	514	560	606	8
Argentina.....	130	129	118	116	- 2
Total.....	1,124	1,182	1,229	1,235	0
Exports:					
Australia.....	245	214	247	240	- 3
New Zealand <u>2/</u> .....	378	436	450	533	18
Argentina.....	38	31	18	19	6
Total.....	661	681	715	792	11

1/ USDA forecasts. 2/ Year ending September.

SOURCE: Reports of U.S. Agricultural Attaches and related information.

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